

BOARD MEETING DATE: August 1, 2003

AGENDA NO. 8

PROPOSAL: Issue RFP to Solicit Projects for FY 2002-03 Carl Moyer Memorial Air Quality Standards Attainment Program Funding

SYNOPSIS: The State's FY 2002-03 Budget contains \$19.5 million to continue the Carl Moyer Program. The AQMD expects to receive \$8,148,088 of this funding. Returned Moyer Program funds from previous years' awards totaling \$4,196,732 and \$1,100 in rollover funds from last year, will also be available. Staff recommends the release of an RFP for \$12.3 million to provide incentives for low emission on- and off-road vehicles and equipment. Staff also recommends the award of \$19,774 allocated by CARB to an interdistrict project.

COMMITTEE: Technology, July 25, 2003, Recommended for Approval

RECOMMENDED ACTIONS:

1. Approve issuance of RFP #P2004-04, in an amount not to exceed \$12,365,694, to solicit projects for Carl Moyer Memorial Air Quality Standards Attainment Program Funding. Funding of up to \$8,148,088 will be recognized from CARB at time of awards.
2. Recognize \$19,774 from CARB for the FY 2001-02 Interdistrict funds.
3. Authorize the Chairman to modify the Carl Moyer Program Fund FY 2001-02 allocation as follows:
Replace \$19,774 from the award to WXRT-Wal Mart to purchase 20 new LNG trucks with the same amount received under CARB's FY2001-02 Interdistrict funds. Return the original \$19,774 to the Carl Moyer Program Fund for redistribution.

Barry R. Wallerstein, D.Env.
Executive Officer

Background

This is the fifth year of the Carl Moyer Memorial Air Quality Standards Attainment Program (CMP). The CMP provides funds on an incentive basis for the incremental cost of cleaner than required engines and equipment. Eligible projects include cleaner on-road, off-road, marine, locomotive and stationary agricultural pump engines, as well as forklifts, airport ground support equipment, and auxiliary power units. The program achieves near term reductions in emissions of oxides of nitrogen (NO_x), which are necessary for the AQMD to meet the State Implementation Plan. The CMP also reduces particulate matter (PM) a component of diesel exhaust, which was recently identified by CARB as a toxic air contaminant.

In the spring of 2002, California voters passed Proposition 40, the California Clean Water, Clean Air, Safe Neighborhood Parks and Coastal Protection Act. Proposition 40 allocated \$50 million to CARB, for a period of two years, for distribution to the air districts for projects that “affect air quality in state and local parks and recreation areas”, in accordance with the Carl Moyer guidelines. Of these funds, the governor allocated \$25 million to CARB for FY 2002-03. Furthermore, Assembly Bill 425 directs that 20 percent of the Proposition 40 funds be allocated for the acquisition of “clean, safe, school buses for use in California’s public schools that serve pupils in kindergarten and grades 1 to 12, inclusive.” The school bus funds will be addressed through a separate board action.

Proposal

Staff proposes that the AQMD release RFP# P2004-04 in an amount not to exceed \$12,365,694 to solicit projects for the CMP. Table 1 shows the total amount of funds available for awards, including turn back funds from previous Carl Moyer Awards. Table 2 shows the detailed breakdown of the turnback funds. The Moyer program requires local match funds on a 1:2 basis; the AQMD’s required match is \$4.05 million. Infrastructure projects funded with Clean Fuel Program Funds and administrative costs of up to 15% of the total project award may be used to meet the \$4.05 million match-funding requirement (see Attachment 1).

Table 1
Carl Moyer Program
Available Funds

SOURCE	YEAR	AMOUNT
Carl Moyer Allocation	FY 02-03	\$8,148,088.00
Funds Remaining After February 7, 2003 Awards	FY 01-02	\$1,100.00
Turnback Funds	FY 98-99	\$432,594.78
	FY 00-01	\$2,166,929.00
	FY 01-02	\$1,597,208.60
CARB Interdistrict Fund (Releasing previously awarded CMP fund)	FY 01-02	\$19,774.00
TOTAL		\$12,365,694.38

Table 2
Details of Turnback Funds

AWARD RECIPIENT	AMOUNT DECLINED
FY 98-99	
Lowe's	\$413,994.78
TABC, Inc.	\$18,600.00
FY 99-00	
FY 00-01	
City of Placentia	\$15,733.00
Kingdom Group	\$1,376,000.00
Kingdom Group	\$283,196.00
City of L.A., DOT	\$492,000.00
FY 01-02	
Sheppard Machinery	\$30.62
Omnitrans	\$1,121,000.00
City of L.A., DOT	\$30,750.00
Hayward Pool Products, Inc	\$17,462.00
Ocean Air – 5 vessels	\$427,966.00
TOTAL FUNDS DE-CLINED	\$4,196,732.40

The proposed RFP will solicit projects for on- and off-road vehicles and equipment, including refuse haulers, over-the-road trucks, transit buses, locomotives, agricultural pumps, marine and port applications, and other vehicles and equipment. New engines, repowers and retrofits are allowed within the program. As in previous years, AQMD will fund diesel to diesel applications only where CARB certified alternative fuel engines/vehicles are not available.

The CMP Guidelines require that all projects meet a \$13,600/ton cost-effectiveness for NOx reductions, and the emission reductions be a minimum of 15 percent for repower or retrofit applications and 30 percent for new engines. Staff proposes a more stringent criteria for cost-effectiveness in some sectors based on experiences derived from past solicitations. The table below describes the proposed funding allocations and maximum allowed cost-effectiveness requirements for each category and subcategory:

Table 3 – FY 2003 Proposed Funding and Cost-Effectiveness

<u>Category</u>	Minimum Amount 12.3 <u>(\$ millions)</u>	Cost-Effectiveness <u>\$/ton</u>
ON-ROAD		
(A) Trucks		
- Class 7-8	2.0	13,600
- Class 5-6	1.0	13,600
- Other*	1.0	13,600
(B) Buses		
- Transit	1.3	13,600

**Small fleets (20 vehicles or less, with GVW 14,001 lbs. and above), and public sector, APUs.*

OFF-ROAD		
(A) Marine	2.0	5,000
(B) Construction	2.0	6,000
(C) Forklift	1.0	3,100/13,600
(D) Locomotives	2.0	13,600
(E) Other**	No minimum	13,600

***Agricultural engines and ground support equipment*

Proposals for all categories will be due no later than 5:00 p.m., Friday, October 10, 2003.

Staff expects to finalize the review and evaluation of the proposals and recommend awards for Board approval of awards on or before the February 2004 Board meeting, contingent upon approval and awards of the required funds from ARB.

Funding Distribution

The new CMP Guidelines include the requirement that at least 50% of the program funds must be spent in areas disproportionately impacted by air pollution. CARB's allocation to the AQMD for this year was \$8.15 million; therefore to meet the requirements of the CMP, approximately \$4.075 million must be allocated in identified disproportionately impacted areas. It has been the policy of the AQMD to allocate at least 50% of all funding available in the CMP, including roll-over funding from previous years and turnback funds, to disproportionately impacted areas. As a result the AQMD is intending to commit approximately \$6.15 million in disproportionately impacted areas. The remaining balance will be awarded based on the projects' cost-effectiveness

Disproportionately Impacted Areas Point Ranking

The requirements of the CMP will be implemented according to the following criteria.

- 1) All projects must qualify for the Carl Moyer program by meeting the cost effectiveness limits established in the RFP.
- 2) All projects will be evaluated according to the following criteria to qualify for funding as a disproportionately impacted area:
 - a) Poverty Level: All projects in areas where at least 10% of the population falls below the Federal poverty level based on the year 2000 census data, are eligible to be included in this category, and
 - b) PM Exposure: All projects in areas with the highest 15% of PM concentration will be eligible to be ranked in this category. The highest 15% of PM concentration is 46 micrograms per cubic meter and above, on an annual average, or
 - c) Air Toxics Exposure: All projects in areas with a cancer risk of 1,000 in a million and above (based on Mates II estimates) will be eligible to be ranked in this category.

Special circumstances exist in some areas, such as the Ports of Long Beach and Los Angeles. Since there are no residents within the ports, poverty ranking could not be established. In this case, the poverty ranking from the adjacent on-shore areas were extended to the port since these populated areas are directly impacted by port activities.

CARB Interdistrict Program

In addition to the 2003 CMP funds, staff is recommending the acceptance and allocation of \$19,774 in interdistrict funds recently offered to the AQMD. These funds are the remaining portion of CARB's interdistrict program that were either not allocated or returned to CARB from other air districts during the 2001-02 fiscal year. CARB staff has identified the WXRT – Wal Mart project as eligible for these funds. As a result \$19,774 dollars allocated from AQMD's FY 2001-02 CMP will be returned to the CMP fund for redistribution under the proposed RFP # 2004-04, and CARB interdistrict program funds will be used to fund the same portion of the WXRT – Wal Mart project.

Outreach

In accordance with the AQMD's consulting and contracting policies, a public notice advertising the RFP and inviting bids will be published in the following publications:

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|--|-----------------------------------|---|
| 1. <i>Antelope Valley Press</i> | 10. <i>Korea Central Daily</i> | 19. <i>Precinct Reporter</i> |
| 2. <i>Black Voice News</i> | 11. <i>La Opinion</i> | 20. <i>Press Enterprise</i> |
| 3. <i>Chinese Daily News</i> | 12. <i>La Prensa Hispana</i> | 21. <i>Rafu Shimpo</i> |
| 4. <i>Desert Sun</i> | 13. <i>La Voz Publications</i> | 22. <i>San Bernardino Sun</i> |
| 5. <i>Eastern Group Publications</i> | 14. <i>Los Angeles Daily News</i> | 23. <i>State of California Contracts Register</i> |
| 6. <i>El Chicano</i> | 15. <i>Los Angeles Sentinel</i> | 24. <i>The Excelsior</i> |
| 7. <i>El Informador</i> | 16. <i>Los Angeles Times</i> | 25. <i>The Signal</i> |
| 8. <i>Inland Empire Hispanic News</i> | 17. <i>Orange County Register</i> | 26. <i>Wave Community Newspapers</i> |
| 9. <i>Inland Valley Daily Bulletin</i> | 18. <i>Philippine News</i> | |

Additionally, potential bidders will be notified utilizing the Los Angeles County MTA and Cal Trans Directories of Certified Minority, Women, Disadvantaged and Disabled Veterans Business Enterprises; the Inland Area Opportunity Pages Ethnic/Women Business & Professional Directory; AQMD's own electronic listing of certified minority vendors; and AQMD Purchasing's mailing list. Notice of the RFP will be mailed to the Black and Latino Legislative Caucuses and various minority chambers of commerce and business associations; and will be placed on the Internet at AQMD's Web site [<http://www.aqmd.gov>, "Business and Job Opportunities" icon] and AQMD's bidder's 24-hour telephone message line (909) 396-2724.

Benefits to AQMD

AQMD's Clean Fuels Program has been active in funding the development and demonstration of low emission, alternative fuel technologies within its Technology Advancement Office. The AQMD has also supported a number of activities directed to commercialization of low-emission alternative fuel technologies. The successful implementation of the Carl Moyer Program is a direct result of these Technology Advancement activities. The vehicles and equipment funded as a result of this RFP will operate many years, providing long-term emissions reductions.

Resource Impacts

The AQMD is expected to receive \$8,148,088 of the available Carl Moyer funds for FY 2003 from CARB. The Carl Moyer Program requires that the local air district provide matching funds for engine, vehicle and equipment incentives on a 1:2 basis. The AQMD local match requirement of \$4.05 million is from program administration support, and other qualified projects (see attachment). Up to 15% of the match is allowed as in-kind costs. Therefore, up to \$1,215,000 of the match funds required can be attributed to administrative support of the program. AQMD has identified an additional \$3.5 million in qualifying infrastructure projects funded from Clean Fuel Funds as our required match.

Monies received from CARB will be placed in the Prop. 40 - Carl Moyer Program Fund. Funds from this program are restricted to be used as incentives to private companies or public agencies operating heavy-duty engines in California to cover an incremental portion of the cost of cleaner on-road, off-road and marine engines.

Attachments:

1. Qualified Match Fund Projects
2. Carl Moyer Memorial Air Quality Standards Attainment Program RFP #2004-04
3. Tax Form
4. Appendices 1-8

ATTACHMENT 1
South Coast Air Quality Management District
Qualified Match Fund Projects
Carl Moyer FY 2002-03

Required Match Amount	\$3.5 Million	
Qualified Projects	Amount	Approval Date
Browning Ferris Industries LNG-L/CNG Infrastructure	\$500,000	December 21, 2001
City of San Bernardino LNG-L/CNG Infrastructure	\$143,208	December 21, 2001
CR&R LNG-L/CNG Infrastructure	\$582,474	December 21, 2001
R. F. Dickson Company, Inc. LNG-L/CNG Infrastructure	\$250,000	December 21, 2001
Waste Management of San Gabriel LNG-L/CNG Infrastructure	\$400,000	December 21, 2001
Taromina Industries, L.L.C. LNG-L/CNG Infrastructure	\$213,000	December 21, 2001
USA Waste of California LNG-L/CNG Infrastructure	\$400,000	December 21, 2001
Waste Management of California LNG-L/CNG Infrastructure	\$400,000	December 21, 2001
County Sanitation Districts of Los Angeles County LNG-L/CNG Infrastructure	\$560,000	December 21, 2001
Cryogenic Equipment & Services LTC LNG Infrastructure	\$137,264	April 2, 2003
Administrative Match, up to	\$1,215,000	
TOTAL	\$4,800,946	